



January 14, 2015

Item No. 8

AUTHORIZATION TO: 1) SUBMIT A DEVELOPMENT PROPOSAL AND EVIDENTIARY DOCUMENTS TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; 2) COMMIT CHICAGO HOUSING AUTHORITY FUNDS NOT TO EXCEED \$ 19,814,758 FOR NEW STERLING PARK LLC OR RELATED ENTITY; 3) APPROVE A TENANT SELECTION PLAN, LEASE, AND LEASE RIDERS FOR THE DEVELOPMENT TO BE KNOWN AS STERLING PARK APARTMENTS, AND AMEND THE CHA ADMISSIONS AND CONTINUED OCCUPANCY POLICY TO INCORPORATE SUCH DOCUMENTS AS AN ADDENDUM THERETO; AND 4) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING.

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners (Board) authorize the Chief Executive Officer (CEO) or his designee to: 1) Submit a Development Proposal and Evidentiary documents to the United States Department of Housing and Urban Development (HUD); 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$19,814,758 for New Sterling Park, LLC or related entity; 3) Approve the Tenant Selection Plan, lease, and lease riders for the development to be known as Sterling Park Apartments (Sterling) and amend the CHA Admissions and Continued Occupancy Policy to incorporate such documents as an addendum thereto; and 4) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE GOAL #1

The proposed development supports CHA's corporate goal to reimagine the final Phase of the Plan for Transformation, coordinating public and private investments to develop healthy, vibrant communities.

FUNDING

Not to Exceed \$19,814,758 in CHA MTW funds

M/W/DBE & Section 3 PARTICIPATION:

Direct ____% MBE 43.03% WBE 15.3% DBE ____%

Section 3:

(#) Hiring 32 (%) Subcontracting 10.65% (\$) Other Economic Opportunities _____

GENERAL BACKGROUND

Sterling Park Apartments, located at 3301 W. Arthington, is an adaptive re-use of an historic building in the Homan Square neighborhood on the West Side of Chicago. It will provide a total of 181 units including 66 public housing and 115 affordable units with a mix of one to four bedroom apartments. The building is configured in two wings, one of six stories and one of four stories with on-site parking and outdoor courtyard and play space. The rehabilitation of the property will be substantial. The existing roof will be replaced with a green roof. All exterior masonry will be repaired or replaced. All new lighting, mechanical, electrical and plumbing systems, elevator cabs, doors and windows will be installed. Wherever possible, these improvements have been designed to preserve the historic significance of the building.

The Sterling Park Apartments bedroom, income mix and unit size consist of the following:

Bedroom Mix	181 Total Units	66 PH Units 50% AMI	115 Affordable Units 60% AMI	Unit Square Footages
1 bedroom	79	24	55	608
2 bedroom	52	31	21	903
3 bedroom	40	9	31	1133
4 bedroom	10	2	8	1340

DEVELOPMENT ENTITIES

New Sterling Park, LLC is the development entity for Sterling Park Apartments and will be the Owner Entity. New Sterling Park MM LLC, will be the Managing Member of the Development Entity with a .009% ownership interest, RBC Tax Credit Equity, LLC will be the investor member with a 99.99% ownership interest, and RBC Tax Credit Manager II, Inc. will be a special investor member with a 0.001% interest. The managing members are Mercy Sterling NFP (51% owner interest) comprised of Mercy Housing Lakefront and Boulevard Group Inc. as co-developers and Sterling Park Development LLC (49% owner interest), owned and managed by Royal Sterling Development LLC, which owns the existing property and will sell it to the Owner Entity at closing.

Both Mercy Housing Lakefront and Boulevard Group Inc. were approved development teams under the Housing for Chicagoans Everywhere (HCE) program at the time of the Sterling proposal submission in April 2012 and both are currently approved pre-qualified developers under CHA's mixed finance development program as of December 2013.

FINANCING

The total estimated development budget for the Sterling Park Apartments rental development is approximately \$54,889,367, including the CHA Loan of approximately \$19,715,758 to be funded with CHA MTW funds. Additional project sources include \$99,000 of CHA MTW funds for CHA Administration and CHA Initial Operating Deficit Reserve.

TENANT SELECTION PLAN

The proposed resolution is to approve the form of Tenant Selection Plan, lease, and lease riders to be used for Sterling Park Apartments. It is understood that the developer has an interest and desire to implement its own lease forms and policy that encourages consistent community standards for the effective management of its development.

CONCLUSION

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable HUD procurement regulations.

The Office of the General Counsel concurs with the recommendation to 1) Submit a Development Proposal and Evidentiary documents to the United States Department of Housing and Urban Development (HUD); 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$19,814,758 for New Sterling Park, LLC or related entity; 3) Approve the Tenant Selection Plan, lease, and lease riders for the development to be known as Sterling Park Apartments, and amend the CHA Admissions and Continued Occupancy Policy to incorporate such documents as an addendum thereto; and 4) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The CEO/President recommends the approval to 1) Submit a Development Proposal and Evidentiary documents to the United States Department of Housing and Urban Development (HUD); 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$19,814,758 for New Sterling Park, LLC or related entity; 3) Approve the Tenant Selection Plan, lease, and lease riders for the development to be known as Sterling Park Apartments, and amend the CHA Admissions and Continued Occupancy Policy to incorporate such documents as an addendum thereto; and 4) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

RESOLUTION NO. 2015-CHA-8

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated January 14, 2015 entitled "Authorization to: 1) Submit a Development Proposal and Evidentiary documents to the United States Department of Housing and Urban Development (HUD); 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$19,814,758 for New Sterling Park, LLC or related entity; and 3) Approve the Tenant Selection Plan, lease, and lease riders for the development to be known as Sterling Park Apartments, and amend the CHA Admissions and Continued Occupancy Policy to incorporate such documents as an addendum thereto; and 4) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to: 1) Submit a Development Proposal and Evidentiary documents to the United States Department of Housing and Urban Development (HUD); 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$19,814,758 for New Sterling Park, LLC or related entity; 3) Approve the Tenant Selection Plan, lease, and lease riders for the development to be known as Sterling Park Apartments, and amend the CHA Admissions and Continued Occupancy Policy to incorporate such documents as an addendum thereto; and 4) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

This award is subject to each Contractor's compliance with CHA's MBE/WBE/DBE, Section 3 resident hiring, and insurance requirements.



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